Prime mover reborn

Internet pioneer BBN independent after sale by Verizon

BBN began in 1948 when Massachusetts Institute of Technology professors Richard Bolt (left) and Leo Beranek (right) launched a consulting firm. The two were joined by Robert Newman (center).

1948 MIT professors Richard Bolt and Leo Beranek form acoustics consulting firm; a year later hire former Bolt student Robert Newman to create BBN.

1969 BBN helps Pentagon deploy ARPANET computer network, forerunner to today's Internet, at four sites.

1971 BBN engineer Ray Tomlinson invents use of @ sign in e-mail addresses. (Tomlinson remains a BBN employee today.)

1973 BBN acoustics experts help transcribe secret Nixon White House tapes.

1976 BBN helps develop first Internet router.

1994 Company forms BBN Planet, early Internet service provider.

2003 Beranek awarded National Medal of Science, 24 years after his retirement from firm.

By Peter J. Howe
GLOBE STAFF

BBN Technologies Inc., the storied Cambridge technology firm that built a precursor to today's Internet and invented the @ sign in e-mail addresses, has been reincarnated at age 56 as a newly independent company.

Seven years after a deal that led to the former Bolt, Beranek & Newman becoming part of Bell System giant Verizon Communications Inc., Verizon said yesterday it has agreed to sell BBN to a pair of private equity firms and top BBN executives and investors for an undisclosed price.

While praising Verizon as a good custodian, BBN executives and investors said they are excited about emerging from the shadow of one of the nation's 10 largest corporations and unleashing the creative energies of BBN's 500 engineers and technical staff. Besides its deep roots in telecommunications and network security, including major US government contracts, BBN also has extensive operations in speech recognition, artificial intelligence, and wireless devices that organize their own networks. The staff includes about 150 people with doctoral degrees.

"The amount of intellectual horsepower capacity they have to solve problems is legendary," said David P. Fialkow, a managing director of General Catalyst Partners, a Cambridge venture firm that

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teamed with Silicon Valley-based Accel Partners in the deal.

"It's not a candy store," Fialkow said. "Everything BBN has been doing has been working toward building technology for specific uses, and as a result, it's very profitable, and it focuses its research on results. We felt they would have a great future in commercializing technology."

Tad Elmer, who has been BBN's chief executive since 1999 and will remain so, said, "We are going to continue to grow the core R&D business. What will change is getting into careful exploration of new areas with guides — our partners call them Sherpas — who really know the terrain" and can help BBN move more quickly into new product and service areas. "We're looking forward to continuing to change the technological landscape of the country," Elmer added.

BBN began in 1948 when Massachusetts Institute of Technology professors Richard Bolt and Leo Beranek formed an acoustical engineering consulting firm. They helped design the United Nations assembly hall in New York and jet airplane soundproofing. By the late 1960s, the firm was working for the Pentagon building a system to link computers at four locations — a project that ultimately blossomed into today's Internet.

In 1971, BBN engineer Ray Tomlinson, working on how to formulate users' addresses for a primitive e-mail program, picked the @ symbol above the number 2 on his computer keyboard, launching a now-ubiquitous convention in tens of millions of e-mail addresses worldwide.

Mark A. Wegleitner, Verizon's senior vice president and chief technology officer, said the sale of BBN reflected ongoing efforts by Verizon to identify "what's core and what's not core to our business. We've had people express interest in BBN periodically for some time." The sale will not have a "material" impact on Verizon financial results.

BBN was originally bought for $616 million by GTE Corp. in 1997. GTE and Bell Atlantic merged in 2000 to become Verizon. They spun off BBN's "Internet backbone" operation, whose customers included millions of America Online subscribers, as Genuity Inc.

After Verizon backed out of an option to regain Genuity, the company filed for bankruptcy in 2001 and was bought by Colorado-based Level 3 Communications Inc. for about $200 million.

Former AOL chairman Kenneth J. Novack, who stepped down in December as vice chairman of the company now called Time Warner Inc., will join BBN's board in his new role as a General Catalyst adviser. Referring to former vice president Al Gore's 1999 claim that he "took the initiative in creating the Internet" — later recast by Republican spinmeisters as a claim by Gore to have invented the Net outright — Novack said: "With all due respect to Al Gore, they are in fact the guys who invented the Internet."

Peter J. Howe can be reached at howe@globe.com.